



Testimony

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ENVIRONMENTAL PROTECTION AGENCY

Difficulties in Comparing Annual Budgets for Science and Technology

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Mr. Chairman and Members of the Subcommittee:

I am here to discuss the Environmental Protection Agency's (EPA) budget justification for the Science and Technology account and certain changes that we observed among the justifications for fiscal years 1998, 1999, and 2000. For fiscal year 2000, EPA seeks \$642 million for the Science and Technology account, an amount representing 9 percent of the agency's total budget request of \$7.2 billion.

Each year, EPA provides to the congressional appropriations committees a budget justification for requested appropriations for the forthcoming fiscal year. This justification supplements the President's budget submitted to the Congress by providing additional details and shows funding levels for the previous fiscal year. This committee and others use the justification in deliberating EPA's budget, programs, and activities. EPA's budget justifications for fiscal years 1999 and 2000 differed significantly from its justifications for fiscal year 1998 and the prior year because they were organized according to the agency's strategic goals and objectives (e.g., Clean Air: Reduce Emissions of Air Toxics). These goals and objectives were established in the strategic plan EPA prepared to meet the requirements of the Government Performance and Results Act. In contrast, the fiscal year 1998 budget justification was organized according to EPA's program offices and components (e.g., Office of Air and Radiation: Air Toxics).

My statement today discusses the findings from our recent report on EPA's Science and Technology funds requested for fiscal year 1999 and on our limited review of EPA's fiscal year 2000 budget justification.¹ Specifically, I will discuss (1) difficulties experienced in comparing EPA's Science and Technology budget justification for fiscal year 1999 with those of previous years and (2) actions that EPA planned and implemented in order to improve the clarity and comparability of the fiscal year 2000 justification, and items that need further clarification. In summary we found the following:

- EPA's budget justification for fiscal year 1999 could not be readily compared to amounts requested or enacted for fiscal year 1998 and prior years because the justification did not show how the budget would be distributed among program offices or program components—information needed to link to the prior years' justifications. The Office of Management and Budget does not require EPA to provide information to compare the

¹Environmental Protection: EPA's Science and Technology Funds (GAO/RCED-99-12, Oct. 30, 1998).

justifications when the format changes. However, to facilitate such comparisons, agency officials provided supplemental information to congressional committees. This information included tables that linked the amounts for specific program components used in prior justifications to the agency's various strategic goals and objectives. Because EPA did not maintain financial records by both program components and strategic goals and objectives for all enacted Science and Technology funds for fiscal year 1998, it could not readily provide information for all amounts. At our request, EPA estimated the 1998 enacted amounts so that the 1998 budget could be compared with the fiscal year 1999 request.

- EPA implemented several changes to its fiscal year 2000 justification to solve problems experienced in comparing the 1998 and 1999 budget justifications. To improve the clarity of its budget justification for fiscal year 2000, EPA included tables that detail, for each objective, how requested amounts are allocated among key programs. Backup information is also available that shows the program offices that will be administering the requested funds. The agency also implemented a new accounting system that records budget data by goals and objectives, which enhances reporting financial data by goals and objectives. While the budget justification followed the basic format reflecting the agency's strategic goals and objectives, EPA made changes to the objectives without explanations or documentation to link the changes to the fiscal year 1999 budget justification. For example, funds were allocated from one objective to other objectives without identifying the objectives or amounts, funds that included money transferred from another account were shown as Science and Technology funds, and changes were made to the number or wording of objectives without explanations. As a result, the fiscal year 2000 budget justification cannot be completely compared with the fiscal year 1999 justification without supplemental information.

Prior Difficulties in Comparing Budget Justifications

In 1998, we reported that difficulties in comparing EPA's fiscal year 1999 and 1998 budget justifications arose because the 1999 budget justification was organized according to the agency's strategic goals and objectives, whereas the 1998 justification was organized according to EPA's program offices and components. Funds for EPA's Science and Technology account were requested throughout the fiscal year 1999 budget justification for all 10 of the agency's strategic goals and for 25 of its 45 strategic objectives. As shown in table 1, two strategic goals—Sound Science and Clean

Air—accounted for 71 percent of the funds requested for Science and Technology.²

Table 1: Science and Technology Funds Requested for EPA's 10 Strategic Goals and 25 Objectives, Fiscal Year 1999

Strategic goal	Number of objectives	Fiscal year 1999 request	Percentage of total request
Sound science, improved understanding of environmental risks, and greater innovation to address environmental problems	5	\$312,955,700	49.4%
Clean air	4	137,154,200	21.7%
Reduction of global and cross-environmental risks	1	67,406,500	10.6%
Clean and safe water	3	55,335,700	8.7%
Expansion of American's right to know about their environment	1	18,648,300	2.9%
Preventing pollution and reducing risks in communities, homes, workplaces, and ecosystems	3	14,383,600	2.3%
Better waste management, restoration of contaminated sites, and emergency response	3	14,139,300	2.2%
A credible deterrent to pollution and greater compliance with the law	2	8,760,700	1.4%
Safe food	2	4,450,000	0.7%
Effectiveness management	1	226,000	<0.1%
Total	25	\$633,460,000	100.0%

Source: GAO's analysis of EPA's fiscal year 1999 Justification of Appropriation Estimates for the Committees on Appropriations and data provided by EPA.

In its fiscal year 1999 budget justification, EPA did not show how the funds requested for each goal and objective would be allocated among its program offices or components. To be able to compare EPA's requested fiscal year 1999 funds for Science and Technology to the previous fiscal year's enacted funds, EPA would have had to maintain financial records in two different formats—by program components and by strategic goals and objectives—and to develop crosswalks to link information between the two. EPA maintained these two formats for some of the Science and Technology funds but not for others. Guidance from the Office of Management and Budget (OMB) does not require agencies to develop or provide crosswalks in their justifications when a budget format changes.

²Strategic goals and objectives for Sound Science and Clean Air were also funded by other appropriations.

However, OMB examiners or congressional committee staff may request crosswalks during their analyses of a budget request.

Two of EPA's program offices—Research and Development and Air and Radiation—accounted for over 97 percent of the Science and Technology funds that were requested for fiscal year 1999. The offices maintained their financial records differently. The Office of Research and Development maintained the enacted budget for fiscal year 1998 by program components (the old format) and also by EPA's strategic goals and objectives (the new format). With these two formats of financial data, the Office of Research and Development could readily crosswalk, or provide links, to help compare the 1998 enacted funds, organized by program components, to the fiscal year 1999 budget justification, organized according to EPA's strategic goals and objectives.

In contrast, the Office of Air and Radiation maintained its financial records for fiscal year 1998 under EPA's new strategic goals and objectives format but did not also maintain this information under the old format. Therefore, the Office of Air and Radiation could only estimate how the fiscal year 1998 enacted funds would have been allocated under the old format. For example, EPA estimated that the Office of Air and Radiation's program component for radiation had an enacted fiscal year 1998 budget of \$4.6 million. While the activities of this program component continued in fiscal year 1999, they were subsumed in the presentation of the budget for EPA's strategic goals and objectives. Therefore, because the radiation program could not be readily identified in the fiscal year 1999 budget justification, congressional decisionmakers could not easily compare funds for it with the amount that had been enacted for fiscal year 1998. At our request, the Office of Air and Radiation estimated its enacted budget for fiscal year 1998 by program components and then developed a crosswalk to link those amounts with EPA's strategic goals and objectives.

The remaining 3 percent of the requested funds for Science and Technology is administered by the Office of Water; the Office of Administration and Resources Management; the Office of Prevention, Pesticides, and Toxic Substances; and the Office of Enforcement and Compliance Assurance. Two of these offices—the Office of Prevention, Pesticides, and Toxic Substances and the Office of Enforcement and Compliance Assurance—did not format financial information by program components. These offices estimated how the 1998 enacted funds would be classified under their various program components.

EPA's Changes Improved the Clarity of the Budget Justification, but Additional Information Is Needed

For fiscal year 2000, EPA made several changes to improve the clarity of its budget justification. According to EPA officials, they planned to provide tables for each goal and objective to show the amounts of funds requested for key programs, starting with the agency's fiscal year 2000 budget justification.³ The justification for fiscal year 2000 does contain additional information, in the form of tables for each objective, that details some of the requested amounts by key programs. For example, under the objective Research for Human Health Risk, part of the Sound Science goal, the \$56 million requested for the objective is divided into two key programs: Human Health Research and Endocrine Disruptor Research.

According to EPA officials, they did not plan to identify in the fiscal year 2000 budget justification the program offices that would be administering the requested funds. However, they intended to make available backup information to show the program offices that would be administering the requested funds. Such information is available for the fiscal year 2000 budget request and was provided to this Committee.

According to EPA officials and an EPA draft policy on budget execution, the agency's Planning, Budgeting, Analysis, and Accountability System would record budget data by goals, objectives, subobjectives, program offices, and program components. EPA expected that this system would be fully implemented on October 1, 1998. According to EPA officials, the new Planning, Budgeting, Analysis, and Accountability System was implemented on this date; accordingly, EPA can provide information showing how the agency's requested funds would be allocated according to any combination of goals, objectives, subobjectives, program offices, and key programs.

EPA also planned to submit future budget justifications in the format of its strategic goals and objectives, as it had done for fiscal year 1999. That way, the formats for fiscal year 2000 and beyond would have been similar to those for the fiscal year 1999 justification, facilitating comparisons in future years. According to EPA officials, the strategic goals and objectives in EPA's fiscal year 2000 justification for Science and Technology would be the same as those in its fiscal year 1999 justification. However, beginning in fiscal year 1999, the agency has begun to reassess its strategic goals and objectives, as required by the Government Performance and Results Act. This assessment was meant to involve EPA's working with state governments, tribal organizations, and congressional committees to

³On September 30, 1998, EPA issued guidance requiring the use of the term "key programs" for future budget requests.

evaluate its goals and objectives to determine if any of them should be modified. Upon completion of this assessment, if any of EPA's goals or objectives change, the structure of the agency's budget justification would change correspondingly. Changes to the strategic goals and objectives in the budget justifications could also require crosswalks and additional information to enable consistent year-to-year comparisons.

EPA did maintain, as planned, the strategic goals and objectives format for its fiscal year 2000 budget justification. However, for the objectives that rely on Science and Technology funds, EPA made several changes without explanations or documentation to link the changes to the fiscal year 1999 budget justification. EPA (1) acknowledged that funds from one objective were allocated to several other objectives but did not identify the objectives or amounts, (2) did not identify funds in Science and Technology amounts that were transferred from Hazardous Substances Superfund, and (3) made other changes to the number or wording of objectives that rely on Science and Technology funds.

The specific changes to objectives involving funds for Science and Technology are as follows:

Funds Allocated but Not Identified

- In the fiscal year 1999 budget justification, under the strategic goal Sound Science, Improved Understanding of Environmental Risk, and Greater Innovation to Address Environmental Problems, EPA requested \$86.6 million for the fifth objective: Enable Research on Innovative Approaches to Current and Future Environmental Problems; and the 1998 fiscal year enacted amount was listed as \$85.0 million. In the fiscal year 2000 budget justification, EPA marked this objective as "Not in Use." The justification stated that the fiscal year 1999 request included the amounts for operating expenses and working capital for the Office of Research and Development under the same objective in the Sound Science goal. In the fiscal year 2000 budget justification, EPA allocated the amounts requested for this objective among the other goals and objectives to more properly reflect costs of the agency's objectives. However, the fiscal year 2000 justification did not identify the specific objectives for either the \$85.0 million enacted for fiscal year 1998 nor the \$86.6 million requested for fiscal year 1999. The allocation of funds was not specifically identified in the justification because EPA does not prepare crosswalks unless asked to by OMB or congressional committees. Therefore, a clear comparison of 1999 and 2000 budget justifications cannot be made.

Objectives Do Not Identify Superfund and Science and Technology Funds

- Another aspect that made year-to-year comparisons difficult was EPA's treatment of funds transferred to Science and Technology from the agency's Superfund account. In the fiscal year 2000 justification, the Science and Technology amounts shown as enacted for fiscal year 1999 include \$40 million transferred from the Hazardous Substances Superfund. In contrast, the requested amounts for fiscal year 2000 do not include the transfer from the Superfund. As a result, amounts enacted for fiscal year 1999 cannot be accurately compared to the amounts requested for fiscal year 2000. This discrepancy is particularly evident in the objective Reduce or Control Risks to Human Health, under the goal Better Waste Management, Restoration of Contaminated Waste Sites, and Emergency Response. The amounts for Science and Technology as shown in the budget justification for the objective are shown in table 2.

Table 2: Science and Technology Funds Requested for the Reduce or Control Risks to Human Health Objective

Fiscal year 1999 request	Fiscal year 1999 enacted	Fiscal year 2000 request	Fiscal year 2000 request vs. fiscal year 1999 enacted
\$6,761,200	\$49,809,400	\$8,375,200	(\$41,434,200)

Source: EPA's fiscal year 2000 budget justification.

The \$49.8 million shown as enacted for fiscal year 1999 includes a significant amount of the \$40 million transferred from the Superfund account, according to an EPA official. However, because the specific amount is not shown, an objective-by-objective comparison of the Science and Technology budget authority for fiscal years 1999 and 2000 cannot be accurately made, and it appears that EPA is requesting a significant decrease for this objective. An EPA official stated that the \$40 million was not separately identified because the congressional guidance on transferring the funds did not specifically state which objectives these funds were to support.

Other Changes to Objectives

- In the fiscal year 1999 budget justification, the strategic goal Better Waste Management, Restoration of Contaminated Waste Sites, and Emergency Response had three objectives: (1) Reduce or Control Risks to Human Health, (2) Prevent Releases by Proper Facility Management, and (3) Respond to All Known Emergencies. In the fiscal year 1999 budget request, EPA indicated \$6.3 million was enacted for Prevent Releases by Proper Facility Management in fiscal year 1998 and requested \$6.6 million for fiscal year 1999. EPA indicated \$1.6 million was enacted for Respond to All Known Emergencies in fiscal year 1998 and requested \$1.6 for fiscal year 1999. The fiscal year 2000 budget justification omits these two—the

second and third objectives and does not indicate where the funds previously directed to those objectives appear. Therefore, a clear comparison of budget requests year to year cannot be made.

- In the fiscal year 2000 budget justification, EPA added the second objective—Prevent, Reduce and Respond to Releases, Spills, Accidents, and Emergencies—to the strategic goal Better Waste Management, Restoration of Contaminated Waste Sites, and Emergency Response. EPA indicated that \$8.8 million had been enacted for this objective in fiscal year 1999 and requested \$9.4 million for this objective for fiscal year 2000. EPA did not identify which objectives in the fiscal year 1999 budget included the enacted \$8.8 million and therefore a comparison to the prior budget justification was difficult.

The other changes to the objectives were made as a result of the program offices' reassessment of and modifications to subobjectives, which in turn led to changes in the agency's objectives. While we do not question EPA's revisions of its goals or objectives, the absence of a crosswalk or explanation does not enable a clear comparison of budget requests year to year.

Mr. Chairman, this concludes my prepared statement. I will be pleased to respond to any questions that you or the Members of the Subcommittee may have.